

**STATE OF CALIFORNIA
BOARD OF CORRECTIONS
FACILITY STANDARDS AND OPERATIONS DIVISION**

**MENTALLY ILL OFFENDER
CRIME REDUCTION GRANT
(MIOCRG)**

**Contract Administration
Policy and Procedures Manual
For Counties**



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- D. Quarterly Financial Invoice (MIOCRG 004)
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All forms will be available on the Board of Corrections' web site: bdcorr.ca.gov.

I. Introduction

A. Purpose of the Manual

This manual is designed to assist counties in the contractual management of their Mentally Ill Offender Crime Reduction Grant demonstration project. The primary focus is to assist counties once funding decisions have been made by the Board of Corrections (Board) and the county is ready to sign a contract with the Board. Policies, procedures, instructions, and forms necessary to manage the contract are also contained in this manual.

II. General Information

A. Board of Corrections

Originally established in 1944 as part of the reorganization of the state prison system, the Board's focus is now on three areas: the Facilities Standards and Operations Division, which sets minimum standards for health care, programs, procedures, and construction of local juvenile and adult detention facilities and which administers the Mentally Ill Offender Crime Reduction Program; the Standards and Training for Corrections Division, which establishes selection criteria and training standards for local probation and corrections officers and provides financial assistance to participating counties and cities meeting those standards; and the Corrections Planning and Programs Division, which administers and evaluates various grant programs.

B. Facilities Standards and Operations Division

The Facilities Standards and Operations Division (FSOD) administers the Mentally Ill Offender Crime Reduction Grant Program. In addition, FSOD establishes and updates minimum standards for juvenile and adult detention facilities; inspects local detention facilities and assists agencies in their efforts to remain in compliance with minimum standards; reviews and analyzes all architectural plans for new facility construction; administers the Jail Profile and Juvenile Detention Profile Surveys; and administers the Juveniles in Jails Removal/Compliance Monitoring Program.

III. The Mentally Ill Offender Crime Reduction Grant Program

The Legislature established the Mentally Ill Offender Crime Reduction Grant (MIOCRG) Program to encourage and support the implementation of locally developed strategies for reducing the rate of crime, jail crowding and criminal justice costs associated with mentally ill offenders. Senate Bill 1485 (Chapter 501, Statutes of 1998) defined the program's goals and requirements. SB 2108 (Chapter 502, Statutes of 1998) provided \$27 million dollars to the Board to implement and administer the program. The FY 1999/2000 State Budget Act (Chapter 50, Statutes of 1999) provided an additional \$27 million dollars for MIOCRG demonstration projects.

SB 1485 stipulates that grant eligibility is contingent upon a county establishing a Strategy Committee chaired by the Sheriff or County Department of Corrections Director. At a minimum, this Committee must include the chief probation officer, the county mental health director, a superior court judge, representatives of a local law enforcement agency and mental health provider organization, and a client of a mental health treatment facility. The Strategy Committee is responsible for developing the county's local plan, which must identify the needs in the present system, the proposed goals for providing a cost-effective continuum of responses to mentally ill offenders, the roles of collaborations and/or partners in achieving those goals, and the specific outcome and performance measures for evaluating the effectiveness of the project.

In November 1998, in consultation with the State Department of Mental Health and State Department of Alcohol and Drug Programs, the Board awarded non-competitive planning grants to all applicant counties for the development of a local plan outlining their response to mentally ill offenders. In March 1999, the Board received 40 applications with accompanying local plans from 41 counties (one regional proposal) competing for available demonstration grant funds.

IV. Precontractual Requirements

It is recommended that county representatives attend workshops conducted by Board staff to assist grantees in the development of contract documents and program implementation. It is important for county personnel to work closely with assigned Board staff throughout the precontractual process, both when writing information contained in Exhibit B (Fiscal Summary and Program Evaluation Summary) and when completing other grant documents. It is also advised that a draft of Exhibit B be submitted for review prior to submittal of the final document. Specific Board staff will be assigned to counties to assist in the contract development process and throughout the implementation period.

V. Contractual Requirements

A. General

The contract between the Board and a county shall consist of the State of California standard contract requirements. In addition, the contract must include sufficient financial information and project implementation and evaluation information (Exhibit B) to enable Board staff to evaluate the counties' compliance with the project as outlined in their Mentally Ill Offender Crime Reduction demonstration grant proposal. Specifically, Exhibit B of the contract must include:

1. A four-year budget summary identifying the amounts of grant funds and match funds for specific line items and the same budget information for each of the four project years;

2. A narrative description of the project the county intends to implement, identifying the specific program components, including the number of individuals served in each program;
3. Detailed program evaluation information, including evaluation methods, outcome measures, and goals of the research; and
4. The time frames regarding start-up and implementation.

The contract must also include the identification of the county's MIOCRG project manager and financial officer, as well as program evaluation personnel (in Exhibit B).

Four copies of the contract must be submitted to the Board, each with the original signature of the chairman of the county board of supervisors or the person authorized to sign for the county. When the contract has been approved and processed by the state, the county may submit its first invoice following the end of the first quarter of the contract period. Allow 30 days for processing time and approval.

B. Budget/Program Modifications (Appendix B)

No substantial change or modification in the project will be permitted without prior written approval from the Board. Substantial changes are those affecting the design or scope of the project; compliance with the agreed-upon program evaluation component (Exhibit B); individual budget line item changes over ten percent (10%) of the amounts identified in the Four-Year Budget (Exhibit B); and other significant program components addressed in the project application and outlined in Exhibit B.

Substantial modification requests shall be submitted to the Board upon approval by the county's Project Manager. Upon receipt of a Budget/Program Modification request (Form MIOCRG002), the Board will respond to the Project Manager with its approval/disapproval within 30 days. Substantial changes shall not be implemented by the county until authorized to do so by the Board.

Minor changes, such as changes in personnel, dates and times of service delivery, and budget line item changes of up to ten percent (10%) of the individual line items identified in the "Four Year Budget" (Exhibit B) may be executed by the county without prior approval from the Board. However, notification of minor modifications must be submitted with the next regularly scheduled financial invoice.

In no event will any budget line item changes be authorized which would cause the project to exceed the amount of the grant award identified in the state Standard Agreement. Further, in no event will changes be authorized for the "Administrative Overhead" line item which would cause state funds in that line item to exceed ten percent (10%) of the grant award.

C. Contract Amendments (Appendix C)

The contract may be amended upon agreement of both parties. Proposed contract amendments should be discussed with Board staff and must be submitted in writing in the approved format (see Appendix C).

D. Submittal of Invoices (Appendix D)

Grantees must submit invoices to the Board each quarter using Form MIOCRG004 (Appendix D), which reflects matching fund expenditures as well as the total program expenses incurred during the reporting period, invoices previously submitted, and payments made. Four copies must be submitted to the Board, each with original signatures of the person preparing the report, the project financial officer, and the county project manager. The county certifies that the report is accurate and was prepared in accordance with Board's regulations, policies, and procedures; that the report reflects actual expenditures; and that all funds were expended for the purpose of liquidating obligations legally incurred.

The quarterly financial invoice must be submitted within 45 calendar days after the end of the fiscal quarter. The due dates for the invoices are no later than:

Reporting Period	Due Date
July 1, 1999 – September 30, 1999	November 15, 1999
October 1, 1999 – December 31, 1999	February 15, 2000
January 1, 2000 – March 31, 2000	May 15, 2000
April 1, 2000 – June 30, 2000	August 15, 2000
July 1, 2000 – September 31, 2000	November 15, 2000
October 1, 2000 – December 31, 2000	February 15, 2001
January 1, 2001 – March 31, 2001	May 15, 2001
April 1, 2001 – June 30, 2001	August 15, 2001
July 1, 2001 – September 30, 2001	November 15, 2001
October 1, 2001 – December 31, 2001	February 15, 2002
January 1, 2002 – March 31, 2002	May 15, 2002
April 1, 2002 – June 30, 2002	August 15, 2002
July 1, 2002 – September 30, 2002	November 15, 2002
October 1, 2002 – December 31, 2002	February 15, 2003
January 1, 2003 – March 31, 2003	May 15, 2003
April 1, 2003 – June 30, 2003	August 15, 2003

Failure to submit Quarterly Financial Invoices in a timely manner could result in payments being withheld. The date the correct invoice with all county signatures is received by the Board determines if the invoice is timely. Should there be continuing issues with late or inaccurate submittal of invoices, the Board may choose to withhold funds or portions thereof. The remaining five percent (5%) of funds shall be withheld

until such time as we have received all quarterly financial reports, semi-annual progress reports, final project summary report and the final audit from the county.

Eligible Project Costs:

The following costs are eligible for reimbursement by the state or can be claimed as match:

1. Salaries and benefits of county employees or public or private contract employees directly involved in grant-related activities necessary for, and related to, the delivery of services associated with the project;
2. Services and supplies directly associated with the project;
3. In-state travel for county employees, volunteers, and student interns, in accordance with county travel policy, necessary for the success of the project;
4. Professional or consultant services, including services provided by community-based organizations, required audits (match funds only) and other charges necessary for the delivery of services directly associated with the project;
5. Fixed assets purchased with state funds (vs. match), up to \$1,000 per item, that are necessary for the delivery of services directly associated with the project;
6. Lease payments for equipment, including vehicles, office space, automation and reprographic equipment, and other items necessary for the delivery of services directly associated with the project; and
7. Operational overhead, indirect and administrative costs necessary for the success of the project up to a maximum of ten percent (10%) of the total grant award. Counties using grant funds for administrative overhead must maintain documentation supporting charges to the grant for this purpose.

In cases where a county has not claimed overhead cost for reimbursement with State funds, or where the actual cost or cost allocation plan of the county for administrative overhead exceeds 10% of the grant award, the county may, with appropriate supporting documentation, use the excess amount as match. Board staff may review the documentation during site and monitoring visits.

Ineligible Project Costs:

Examples of ineligible costs include, but are not limited, to:

1. Site acquisition and/or construction costs, with the exception of lease or rental payments for program-related space and approved renovation costs necessary for the delivery of services associated with the project;
2. Fixed assets purchased with State funds, including vehicles, computer equipment, furniture, reprographic equipment, and other items over \$1,000 per item unless a written declaration is made by the Project Manager and approved in writing by the Board that the fixed asset to be purchased:
 - a) is to be used for services directly associated with the project;
 - b) is essential to the success of the project;
 - c) that lease and rental options of the fixed asset have been thoroughly investigated;
 - d) that the purchase of the fixed asset is less expensive than leasing or renting it for the four-year grant period; and
 - e) that title to any fixed asset purchased with state funds will vest in the state and that the equipment will be returned to the state at the end of the grant period, if requested by the Board.
3. Supplanting existing programs, projects, or personnel;
4. Personal injury compensation or damages arising out of or connected with the project, whether determined by adjudication, arbitration, negotiation, or otherwise;
5. Fines and penalties due to violation of or failure to comply with federal, state, or local laws and ordinances;
6. Any costs outside the scope of the approved project;
7. Interest on bonds or any other form of indebtedness required to finance project costs;
8. All costs incurred in violation of the terms, provisions, conditions, or commitments of this contract;
9. All costs arising out of or attributable to grantee's malfeasance, misfeasance, mismanagement, or negligence;
10. All costs arising out of or connected with contractor claims against the grantee, or those persons for whom the grantee may be vicariously liable, including, but not limited to, any and all costs related to defense or settlement of such claims;
11. Criminal justice activities that are not directly related to the approved project;

12. The use of grant funds to “buy-out” unused sick leave, vacation/administrative leave time not accrued during the grant period. Grant funds may only be used to “buy-out” any period of time an employee was assigned to the MIOCRG Program and paid with grant funds; and

13. Use of grant funds for out-of-state travel and per diem.

E. Semi-Annual Progress Reports (Appendix E)

The county must submit semi-annual progress reports to the Board on the appropriate form (Appendix E Form MIOCRG005) during the term of this contract. The reports shall include, but not be limited to, a review of progress on all programs in the project, the number of individuals served in each program, project modifications during the reporting period, specific statistical data regarding program variables, and outcomes measured, including specified program evaluation data collected during the reporting period, invoices submitted, and payments made. The county is required to submit semi-annual progress reports to the Board according to the following schedule:

Reporting Period	Due Date
July 1, 1999 – December 31, 1999	March 15, 2000
January 1, 2000 – June 30, 2000	September 15, 2000
July 1, 2000 – December 31, 2000	March 15, 2001
January 1, 2001 – June 30, 2001	September 15, 2001
July 1, 2001 – December 31, 2001	March 15, 2002
January 1, 2002 – June 30, 2002	September 15, 2002
July 1, 2001 - December 31, 2002	March 15, 2003
January 1, 2003 - June 30, 2003	September 15, 2003

Your first semi-annual report should be submitted on the first due date, listed above, following approval of your contract with the Board. If a due date falls on a weekend, the report must be postmarked no later than the scheduled date for submission. Failure to submit these reports in a timely manner could result in quarterly payments being withheld. Should there be continuing issues with inaccurate or late submittal of semi-annual progress reports, the Board may choose to withhold funds or portions thereof. The remaining five percent (5%) of funds shall be withheld until such time as we have received all quarterly financial reports, semi-annual progress reports, the final project summary and the final audit from the county.

F. Final Project Summary Report

The Final Project Summary Report shall be submitted to the Board within 90 calendar days of the contract ending date. The report shall describe the finished project in detail, include program evaluation outcomes, and provide appropriate data and

supporting material suitable for public distribution in a format to be determined by the Board.

For each program implemented as part of a county's MIOCRG demonstration project, the final report shall describe the following in sufficient detail to permit replication of the research by other interested parties: 1) research subjects; 2) research design (including identification and method of assignment of research subjects); 3) nature and extent of treatment interventions (for both control and treatment groups); 4) program evaluation measures; 5) all other dependent and independent measures; and 6) data analysis procedures. The format of the reports shall include the following sections: 1) background information; 2) rationale underlying, and statement of hypotheses tested; 3) methodology; 4) results; 5) discussion; and 6) summary and conclusions.

G. Final Audit

1. Responsibility. Within 120 calendar days of the contract ending date, the county must obtain and submit a final audit to the Board. The audit shall be prepared in accordance with generally accepted auditing standards, government auditing standards, and under the direction of a certified public accountant or an independent county internal auditor satisfactory to the Board. If the county internal auditor performs the audit, the auditor must be organizationally independent from the county's accounting and project management functions. Counties should obtain assurances that the personnel selected to perform the audit collectively have the necessary skills. It is important that a sound procurement practice be followed when contracting for audit services. Sound contract and approval procedures, including the monitoring of contract performance, should be in place. The objectives and scope of the audit should be made clear. In addition to price, other factors to be considered include: the responsiveness of the bidder to the request for proposal; the past experience of the bidder; availability of bidder staff with professional qualifications and technical abilities; and whether the bidder organization participates in an external quality control review program. It should also be noted that these steps are important whether the county is hiring auditors from an outside CPA firm or within its own internal auditing unit.
 - a) In addition to the final audit, the Board may require a prepayment audit prior to the deposit of grant funds into a separate account to ensure that the county's accounting system meets generally accepted accounting principles.
 - b) The Board also reserves the right to call for an audit at any time between the execution of the grant contract and the completion or termination of the project.
2. Retention of Records. Work papers and reports shall be retained for a minimum of three (3) years from the date of the audit report unless the auditor is notified in writing by the Board of the need to extend the retention period.

3. Audit Scope. Audits must include, at a minimum, an examination of: the systems of internal control; systems established to ensure compliance with laws and regulations affecting the expenditure of state funds; financial transactions and accounts; and the county's process for the submission of subcontractor billings as well as billings the subcontractor has submitted to the county for performance of project tasks. These examinations are to determine whether:
- a) There is effective control over and proper accounting for expenditures, assets, and liabilities;
 - b) The periodic financial statements are fairly stated in all material aspects;
 - c) State funds and county hard and/or soft match funds were expended in accordance with the terms and scope of the contract and those provisions of state law and regulations that could have a material effect on the financial statements;
 - d) State and/or matching funds were expended in accordance with the terms of the project related contracts between the county and third parties, and that the terms and scope of those third-party contracts complied with provisions of the county's contract with the Board;
 - e) In order to accomplish (c), a representative number of charges to state funds and to county match shall be tested. The test shall be representative of all cost categories in the contract. The test will determine whether the charges:
 - conform to any limitations or exclusions in the award of state funds;
 - included only eligible charges and did not include costs properly chargeable to other programs or accounts;
 - were properly recorded (i.e., correct amount, date) and supported by source documentation;
 - were approved in advance if they involved a modification subject to prior approval in accordance with Exhibit A, Article 12 of the MIOCRG contract Standard Conditions; and
 - f) The audit shall also identify any project-related claims by or against the county pending at the time the audit is conducted.
4. Audit Certification. The audit report to the Board should contain:
- a) A description of the statements examined and the period covered; and

- b) An opinion as to whether all audit scope criteria have been met satisfactorily by the county. If an unqualified opinion cannot be expressed, state the nature of the qualification, reservation, or exception.
5. County Specific Requirements (if appropriate). The audit report to the Board should contain any county-specific requirements not aforementioned.

VI. Record Keeping

A. Records

The county is required to establish an official file for the project. The file shall contain adequate documentation of all actions in accordance with generally accepted government accounting principles that have been taken with respect to the project.

1. The county must establish separate accounting records for receipt, deposit, and disbursement of all grant funds as specified in Exhibit A of the Board grant contract Standard Conditions and subsequent approved budget modifications and/or contract amendments.
2. The county is also required to maintain books, records, source documents and other evidence sufficient to reflect properly the amount, receipt, and disposition of all project funds, including Board grant funds and any matching funds of the county, and the total cost of the project. Supporting documentation for matching funds, goods or services shall, at a minimum, include the source of the match, the basis upon which the value of the match was calculated, and when the matching funds, goods, or services were provided. Receipts, signed by the recipient of donated goods and/or services should be issued and a copy retained. Generally-accepted government accounting principles and adequate supporting documentation shall be maintained in such detail so as to provide an audit trail which will permit tracing transactions from the invoices to the financial statement, to the accounting records, and to the supporting documentation. All county records relevant to the project will be preserved a minimum of three (3) years after the final payment of the contract or final audit, whichever is later, and shall be subject at all reasonable times to inspection, monitoring, copying, and audit by the Board or its designee or authorized representative and the Bureau of State Audits for a period of three (3) years after final payment under the contract (Government Code Sections 10525 & 10528).

B. Accounting and Audit Requirements

Audit and accounting procedures shall be in accordance with generally-accepted government accounting principles and practices (see Accounting Standards and Procedures for Counties, California State Controller, Division of Local Government Fiscal Affairs), and adequate supporting documentation shall be maintained in such

detail so as to provide an audit trail which will permit tracing transactions from the invoices to the financial statement, to the accounting records, and to the supporting documentation. In addition to the final audit discussed previously, the Board may require a prepayment audit and interim audits.

1. Prepayment Audit: Prior to the deposit of grant funds into the separate account, the Board may require the county to have a system audit performed by an auditor.
2. Interim Audit: The Board reserves the right to call for an audit at any time between the execution of this grant contract and the completion or termination of the project. Should the Board exercise this right, the State Department of Finance will conduct the interim audit.

The Board also reserves the right to call for a final audit. As with interim audits, any Board-initiated final audits would be conducted by the State Department of Finance. Any county selected by the Board for a final audit would not need to conduct its own audit.

VII. Project Monitoring

A. Programmatic

Board staff will regularly monitor the administration of the MIOCRG demonstration projects. The purpose of this monitoring process is to assess contract compliance and provide technical assistance, as needed.

B. Auditing

The state may audit all of a county's accounting records that relate to the administration of the grant funds. The state will recover any improper expenditures disclosed in such audits through withholding future payments and/or repayment by the county at the discretion of the Board. Any grant funds so remitted to the Board shall include interest equal to the rate of the State Pooled Money Investment Account.

C. Access to Project Activities, Site(s), and Records

Project monitoring, with reasonable notice, will be accomplished through on-site visits by Board staff. Access to the project activities, site(s), county project files, and contractors' records must be provided to Board staff or any authorized representative during all phases of program implementation pursuant to the contract.